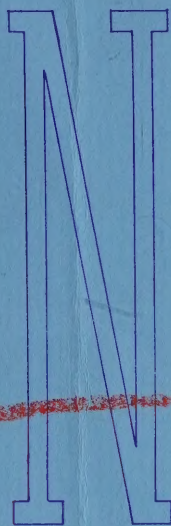


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NORCAN MINES
LTD. (N.P.L.)

ANNUAL REPORT

for the year ended March 31st

1967

NORCAN MINES LTD. (N.P.L.)

AUTHORIZED AND ISSUED CAPITAL - 5,000,000 SHARES OF A NOMINAL OR PAR
VALUE OF 50 CENTS EACH ARE AUTHORIZED,
OF WHICH 1,710,005 SHARES ARE NOW
ISSUED AND OUTSTANDING.

REGISTERED OFFICE:

1500 The Royal Bank Building
675 West Hastings Street
Vancouver 2, B.C.

BUSINESS OFFICE:

411 The Rogers Building
470 Granville Street
Vancouver 2, B.C.

OFFICERS:

President	-	C. F. Anderson
Secretary	-	E. F. Horsey

DIRECTORS:

C. F. Anderson	628 Westview Place North Vancouver, B.C. Businessman
C. H. Anderson	2640 Bowen Road, Nanaimo, B.C. Engineer, S. Madill Ltd.
G. R. Fay	555 West 50th Avenue, Vancouver, B.C. Director, Carlisle, Douglas & Co. Ltd.
E. F. Horsey	1575 Laurier Avenue, Vancouver, B.C. Lawyer, Bull, Housser & Tupper.

AUDITORS:

Peat, Marwick, Mitchell & Co.,
900 West Hastings Street, Vancouver, B.C.

REGISTRAR AND TRANSFER AGENTS

The Royal Trust Company
626 West Pender Street, Vancouver, B.C.

SOLICITORS:

Bull, Housser & Tupper,
1500 - 675 West Hastings Street, Vancouver, B.C.

NORCAN MINES LTD. (N.P.L.)
REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The property is 255 claims situate in the Howson Basin in the Telkwa Range of Mountains, 22 miles south-west of Smithers, B.C.

Access is good by helicopter from Smithers, or by Telkwa River road to within 5 miles of the claims, or alternately by fixed wing aircraft from Smithers to Mooseskin Johnny Lake on the claim holdings.

The geology of the district comprises the Hazelton Series of Volcanics and Sediments which are intruded by north-south striking dykes branching off the Coast Range Batholith and consisting mainly of granodiorites and syenites.

Mineralization consists mainly of copper sulfides in the nature of chalcopyrite, bornite and chalcocite mixed with the silver mineral tetrahedrite and accompanied by pyrite, pyrrhotite and quartz. The minerals occur in replacement veins within the dykes and on each contact wall of the dykes and also as disseminated mineralization adjacent to the dykes but within the volcanics.

Exploration development to date has indicated several areas of strong mineralization in the following named areas:

1. Santa Maria
2. War Eagle
3. Duchess
4. Evening
5. Jefferson
6. Princess

Work includes a 150 foot incline shaft on the Santa Maria from which 300 feet of lateral development was conducted and subsequently shipments from stoping on the Santa Maria to the Anyox Smelter include 239 tons of ore grading 17% copper and 9.5 ozs. of silver per ton.

Exploration on the Duchess zone includes extensive surface trenching over a strike length of 3800 feet and underground development to the extent of 300 feet on the 4825 level adit and 971 feet of drifting on the 4640 adit level. In the 4825 adit a 100 foot section of ore assayed 2.3 oz. silver and 4.4% copper over drift widths. Lower grade values were obtained in the lower workings.

On the Evening zone surface trenches indicated mineralization over a length of 1500 feet and to widths of 30 feet.

Work on the War Eagle, Jefferson and Princess sections consisted of limited surface trenches.

In 1966 the Company conducted an extensive programme of geophysics over the Santa Maria and War Eagle zones followed up by bulldozer trenching, soil sampling and 3712 feet of exploratory diamond drilling on the Santa Maria zone. This work was successful in establishing a substantial zone of copper-silver mineralization on the Santa Maria over a strike length of 1700 feet and to widths of 70 feet and to 200 feet of depth. Parallel vein structures were also intersected. Work on the War Eagle revealed a gossan zone with dimensions of 2000 feet by 1500 feet on which IP and EM surveys showed anomalies. Samples from the gossan area indicated low values in copper.

The Company's consulting egologist, S.J. Hunter, P.Eng., has developed a preliminary ore reserve estimate on the Santa Maria zone of approximately 1,000,000 tons, grading 1 oz. silver and 1.5% copper with additional indicated and inferred tonnage on the Duchess and Evening zones.

On reviewing the information developed to date, the following general results are interpreted by your Directors:

1. The Howson Basin property has considerable economic potential in developing silver-copper mine.
2. The preliminary work on the Santa Maria area has revealed a zone of considerable economic worth in silver and copper with an estimated 1,000,000 ounces of silver and 30,000,000 pounds of copper indicated to date.
3. The property potential must be explored further by obtaining greater evidence on the Duchess and Evening areas and later on exploration of the War Eagle and Santa Maria before detailed work on any one zone is finalized.
4. Tentative targets can be set for the exploratory surface development of 3,000,000 tons of ore with an analysis of the physical characteristics prior to planning feasibility studies.

In consideration of the above, your Directors, on the recommendation of the Consultant, intend to have the following programme proceed over the summer:

1. Establish a camp near the Duchess-Evening - now completed;
2. Trench and sample the Duchess zone and the Evening zone on surface - now under way and partially completed;
3. Sample the underground drifts on both levels on the Duchess - upper drift sampling completed and in for assay;
4. Conduct limited trenching on the gossan zone on the Joker claims;
5. Establish some form of cat road access to the Duchess-Evening area from the existing claim roads and Mooseskin Johnny Lake.

To accomplish this programme an estimated sum of \$50,000 will be required, which the Company has in its treasury. Continued exploration will be planned on the basis of results.

Since the preparation of financial statements at March 31, 1967, the Company has entered into an underwriting agreement with Carlisle, Douglas & Co. Ltd. and McDermid, Miller & McDermid Limited, whereby \$100,000 was raised by the sale of 250,000 shares. These funds are to be used in the exploration of the property and have greatly improved the Company's financial position since the enclosed Balance Sheet. The Company now has 1,710,005 shares issued and outstanding with 200 to 300 shareholders and its shares are now listed on the Vancouver Stock Exchange. The underwriting agreement referred to above contains an option on 200,000 shares at 50 cents per share to be exercised by August 31, 1967, and on 150,000 shares at 75 cents per share to be exercised by November 29, 1967. If these options are exercised, the funds generated will be invested in trust company guaranteed investment certificates until required.

Some of the assay results from the current programme are expected to be available for presentation to the Annual Meeting and will be provided to shareholders in interim reports.

DATED at Vancouver, British Columbia, this 13th day of June, 1967.

C. F. ANDERSON, President,
on behalf of the Directors.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Norcan Mines Ltd. (N.P.L.) as of March 31, 1967 and the related schedule of exploration, development and administrative expense. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and the related schedule of exploration, development and administrative expense present fairly the financial position of the company at March 31, 1967, in accordance with generally accepted accounting principles.

"PEAT, MARWICK, MITCHELL & CO."

Chartered Accountants.

Vancouver, B.C.
May 2, 1967.

NORCAN MINES LTD.

(NON-PERSONAL LIABILITY)

BALANCE SHEET AS AT MARCH 31, 1967

ASSETS

Equipment, at cost	\$ 2,585.20
Mineral claims, at cost, acquired by the issue of 760,000 shares and \$2,000 cash	382,000.00
Exploration, development and administrative expense, per Schedule 1	219,156.52
Incorporation expense	<u>1,847.20</u>
	<u>\$605,588.92</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Bank loan, secured by securities pledged by a director	\$ 17,000.00
Cheques drawn in excess of funds deposited at bank	<u>408.67</u>
	17,408.67
Accounts payable and accrued expense	18,177.75

Shareholders' equity:

Capital stock:

Authorized 5,000,000 shares with a par value
of 50¢ each; issued since incorporation
on April 22, 1966:

	<u>Shares</u>	<u>Par value</u>	<u>Discount</u>	
For mineral claims	760,000	\$380,000.00	-	
For cash	<u>700,005</u>	<u>350,002.50</u>	<u>160,000.00</u>	
	1,460,005	\$730,002.50	160,000.00	570,002.50
				<u>\$605,588.92</u>

Approved on behalf of the Board:

"C. F. ANDERSON" Director

"E. F. HORSEY" Director

NORCAN MINES LTD.(NON-PERSONAL LIABILITY)EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSEFROM DATE OF INCORPORATIONAPRIL 22, 1966 TO MARCH 31, 1967

Exploration and development expense:

Diamond drilling	\$ 43,179.68
Assaying	4,994.93
Wages and employee benefits	33,021.96
Camp supplies and maintenance	13,061.64
Transportation	25,473.78
Surveys	24,285.60
Expediting	1,132.24
Room and board	5,963.58
Road building	24,985.99
Trenching	19,809.61
Line cutting	2,018.04
Recording fees	4,055.00
Staking claims and fractions	2,348.45
Freight	714.45
Telephone	1,942.11
Miscellaneous	802.45
	<hr/>
	\$207,789.51
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Administrative expense:

Accounting and auditing	1,800.00
Legal fees	5,302.39
Publicity	1,242.20
Prospectus	809.99
Honorarian	375.00
Expenses of issuing shares	506.09
Office and miscellaneous	1,331.34
	<hr/>
	\$ 11,367.01
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	\$219,156.52
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NORCAN MINES LIMITED (N.P.L.)

PROXY

The undersigned shareholder of Norcan Mines Ltd. (N.P.L.) hereby appoints Clay Forrest Anderson of Vancouver, B.C., or failing him, E.F. Horsey of Vancouver, B.C., as proxy of the undersigned to vote for and on behalf of the undersigned at the annual general meeting of the company to be held on June 29, 1967 and at any adjournment thereof.

DATED this day of June, 1967.

Signature

- NOTES: (1) To be treated as valid, instruments of proxies must be deposited at The Royal Trust Company, 626 West Pender Street, Vancouver 2, B.C., on or before June 27, 1967. If an instrument of proxy is signed under a power of attorney or other authority, such power of attorney or other authority (or a notarially certified copy thereof) must also be so deposited therewith.
- (2) If the shareholder is a corporation, the instrument of proxy must be signed under its corporate seal or by an officer or attorney so authorized by an instrument under seal which is forwarded with the instrument of proxy.

NORCAN MINES LIMITED (N.P.L.)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Norcan Mines Ltd. (N.P.L.) will be held in the Patricia Room of the Georgia Hotel, 801 Georgia Street West, Vancouver, British Columbia, on Thursday, June 29, 1967 at 10:00 o'clock in the forenoon (Vancouver time) to:

- (1) receive and consider the annual report containing the financial statements for the fiscal year ending March 31, 1967 and the reports of the directors and auditors;
- (2) elect a board of directors;
- (3) appoint auditors and authorize the directors to fix their remuneration;
- (4) confer authority on the directors to take or acquire by purchase or otherwise any shares in any other corporation (which authority shall expire at the next general meeting of the shareholders of the company unless it is continued by ordinary resolution passed thereat); and
- (5) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the said annual report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed instrument of proxy and return it to The Royal Trust Company, 626 West Pender Street, Vancouver 2, British Columbia.

To be valid, instruments of proxies must be deposited at The Royal Trust Company, 626 West Pender Street, Vancouver 2, British Columbia on or before June 27, 1967. If an instrument of proxy is signed under a power of attorney or other authority, that document or a notarially certified copy thereof must also be so deposited.

DATED at Vancouver, British Columbia this 13th day of June, 1967.

BY ORDER OF THE BOARD OF DIRECTORS

E. F. Horsey, Secretary.

EXCERPT FROM GEORGE CROSS NEWS LETTER NO. 107,
PUBLISHED IN VANCOUVER, BRITISH COLUMBIA, ON JUNE 2, 1967

NORCAN MINES LTD.

NEW FINANCING PROVIDES FUNDS
 FOR ACTIVE EXPLORATION ON
 SMITHERS AREA SILVER-COPPER

Shares of Norcan Mines Ltd. were called for trading on the Vancouver Stock Exchange on June 2, 1967. Carlisle, Douglas & Co. Ltd. as to 75% and McDermid, Miller & McDermid as to 25% have underwritten

250,000 treasury shares of Norcan at 40¢ per share and in consideration have been granted options on 200,000 shares at 50¢ due in 90 days and on 150,000 shares at 75¢ per share due in 180 days.

Detail sampling and mapping of extensive underground workings, which explored a number of good grade copper silver structures is now underway on the Norcan Mines Ltd. 225 claim Howson Basin property south of Smithers, B.C. The current work is in preparation for a major surface and underground program now starting at the property. The workings to be sampled and mapped are on the Duchess, showing and are only one of the four prime target areas for the program. The other three mineralized areas are known as the Santa Maria, where the majority of the work was done in the 1966 field season, the Evening, which adjoins the Duchess, and the War Eagle which is a very large area of strong geophysical and geochemical indications with scattered outcrops of copper mineralization of good grade.

In 1966 Norcan Mines conducted geophysical and geochemical surveys over the Santa Maria area, followed by bulldozer trenching at 200 foot centres, and 5,000 feet of surface diamond drilling to 500 feet of depth. This work outlined the Santa Maria zone over 2,000 feet of strike length and to 250 feet of depth and discovered a highgrade hanging wall structure named the SH vein. The Santa Maria ore structure is open to extension to the north, south and at depth. Parallel vein structures have been located in the hanging walls of both the SH and Santa Maria veins.

Ore reserves in the Santa Maria zone are described as follows: approximately 1,000,000 tons grading 1 oz. silver and 1.5% copper.

The Duchess zone which is now being mapped and sampled has two adit horizons 185 feet vertically apart on the structure. Samples across 6 feet in the upper adit where the vein is continuously exposed in the first 100 feet of drift, ran 3 oz. silver and 8% copper.

The current work will permit planning of the detail program of further exploration of the structure.

The Evening ore structure parallels the Duchess zone a mile to the east and here a copper zone is exposed, by open cuts, over 1,500 feet in length by 30 feet in width.

Norcan Mines conducted extensive geophysical work on the War Eagle zone in 1966 including induced polarization, electromagnetic and self potential surveys cross checked by soil sampling. These tests all indicated a large area of mineralization over dimensions of 2,000 feet by 1,800 feet and capped by an extensive gossan.

Exploration work is to be done in the program now underway under the direction of S. J. Hunter, company consultant.

